The COVID-19 pandemic has unsettled the country’s employment picture for months and will likely continue to do so for a while. However, the nature and terminology of this disruption varies greatly among individuals – some have seen their jobs disappear, others have been “furloughed” and still others have been offered an early retirement. If you’re in this final group – those either offered, or feeling forced to accept, an early retirement, how should you respond?

Try to look at your situation holistically, rather than strictly in a short-term manner. Consider these four areas:

• **Retirement** – What does retirement really look like to you? Are you ready to fully retire or would you like to work part time? Are you confident that you can work somewhere else for a few years before retiring on your own terms? If you’re not certain you can work elsewhere, how can you adjust your desired retirement lifestyle – what you planned to do, where you hoped to live, etc. – to meet your new reality?

• **Income** – Just how financially affected will you be from an early retirement depends on several factors: how much you’ve already saved and invested, whether you’re married and have a working spouse, whether you’ve paid off your mortgage, and so on. In any case, though, you’ll need to answer several questions, including these: Do I need to start taking withdrawals from my IRA and 401(k)? If so, how much can I afford to take out each year without running the risk of outliving my resources? Should I adjust my current investment mix? If I haven’t yet started collecting Social Security, should I do so now, or can I afford to wait until my monthly payments will be bigger? Are there any other sources of income I can leverage? You may want to work with a financial professional to address these and other key income-related issues.

• **Insurance** – If you received health insurance through your employer, an early retirement could present you with a dilemma, especially if you’re not quite old enough for Medicare. You might be eligible for COBRA, which provides ex-employees and their dependents the option of continued health insurance for potentially up to 36 months, but this coverage can be expensive. As an alternative, you might be able to negotiate an extended severance package, which could provide you with health insurance for several months. Or, you might be able to get on the health insurance plan of your working spouse.

• **Legacy** – Many people want to take care of their family while they’re alive – and leave something behind when they’re gone. If you take an early retirement, you might lose your employer’s group life insurance. Of course, if this plan was not sufficient, you may have already supplemented it with your own policy, but, if you haven’t, you may need to shop around for some coverage, particularly if you have children still at home. You also may want to take this opportunity to review your key financial accounts to make sure your beneficiary designations still accurately reflect your wishes.

Going through an unplanned career transition is certainly challenging. But looking closely at the four areas described above, and making the appropriate moves, may help you reduce some of the stress and can put you in a better position to start the next phase of your life.

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